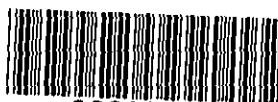


Securities and Exchange Commission  
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8- 43821

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: The Carson Medlin Company

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4100 West Kennedy Blvd., Suite 305

(No. and Street)

Tampa

FL

33602

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Paula Johanssen

(813)289-1154

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ferrell & Moses, P.A.

(Name - if individual, state last, first, middle name)

102 So. Armenia Ave.

Tampa

FL

33609

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 30 2008

THOMSON REUTERS

**FOR OFFICIAL USE ONLY**

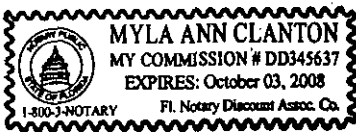
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Paula Johanssen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Carson Medlin Company, as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Myla Ann Clanton  
Notary Public

Paula S. Johanssen  
Signature  
Executive Vice President  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# THE CARSON MEDLIN COMPANY

## BALANCE SHEET

### ASSETS

	<u>DECEMBER 31,</u>	
	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 109,898	\$ 112,816
Accounts receivable	91,406	144,980
Other receivable	5,268	11,985
Total current assets	<u>206,572</u>	<u>269,781</u>
<b>FIXED ASSETS</b>		
Furniture and equipment, net of accumulated depreciation of \$68,117 and \$61,158	13,781	19,056
<b>OTHER ASSETS</b>		
Deposits	<u>1,068</u>	<u>1,068</u>
<b>Total assets</b>	<u>\$ 221,421</u>	<u>\$ 289,905</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 0	\$ 3,437
Payroll liabilities payable	607	0
Interest payable	10,312	8,662
Other payables	2,269	0
Retirement plan payable	85,726	92,449
Total current liabilities	<u>98,914</u>	<u>104,548</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
Subordinated notes	<u>33,000</u>	<u>33,000</u>
Total liabilities	<u>131,914</u>	<u>137,548</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, 7,500 authorized shares, \$1.00 par value, 400 shares issued and outstanding	400	400
Additional paid-in-capital	49,600	49,600
Retained earnings	39,507	102,357
Total stockholders' equity	<u>89,507</u>	<u>152,357</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 221,421</u>	<u>\$ 289,905</u>

**THE CARSON MEDLIN COMPANY**  
**STATEMENTS OF OPERATIONS**

	FOR THE YEARS ENDED DECEMBER 31,	
	<u>2007</u>	<u>2006</u>
<b>Commissions and fees</b>	\$ 1,697,293	\$ 1,307,210
<b>Cost of services including general and administrative expenses</b>	<u>1,809,486</u>	<u>1,330,304</u>
<b>Operating income (loss)</b>	<u>(112,193)</u>	<u>(23,094)</u>
<b>Other income (expense)</b>		
Interest and dividend income	15,869	2,748
Miscellaneous income	35,189	0
Interest expense	<u>(1,715)</u>	<u>(1,650)</u>
Total other income (expense)	<u>49,343</u>	<u>1,098</u>
<b>Net income (loss)</b>	<u><u>\$ (62,850)</u></u>	<u><u>\$ (21,996)</u></u>

See Notes to Financial Statements

**THE CARSON MEDLIN COMPANY**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**

	<b>COMMON STOCK</b>	<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>RETAINED EARNINGS</b>
Balance at January 1, 2006	\$ 400	\$ 49,600	\$ 124,353
Net (loss)			(21,996)
Balance at December 31, 2006	400	49,600	102,357
Net (loss)			(62,850)
Balance at December 31, 2007	\$ 400	\$ 49,600	\$ 39,507

See Notes to Financial Statements

# THE CARSON MEDLIN COMPANY

## STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (62,850)	\$ (21,996)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	6,959	9,076
Change in current assets and liabilities:		
Decrease (increase) in accounts receivable	53,574	(108,438)
Decrease (increase) in other receivable	6,717	(11,985)
Decrease (increase) in deposits		1,432
Increase (decrease) in accounts payable	(3,437)	3,437
Increase (decrease) in payroll taxes payable	607	(302)
Increase (decrease) in interest payable	1,650	1,649
Increase (decrease) in other payables	2,269	
Increase (decrease) in retirement plan payable	(6,723)	92,449
Net cash provided (used) by operating activities	<u>(1,234)</u>	<u>(34,678)</u>
<b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	<u>(1,684)</u>	<u>(7,178)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,918)	(41,856)
<b>CASH AT BEGINNING OF YEAR</b>	<u>112,816</u>	<u>154,672</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 109,898</u></u>	<u><u>\$ 112,816</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 65	\$ 0
Income taxes	0	0

**THE CARSON MEDLIN COMPANY**  
**STATEMENTS OF CHANGES IN SUBORDINATED BORROWINGS**

Subordinated borrowings at January 1, 2006	\$ 33,000
Increase (decrease) in subordinated borrowings	<u>0</u>
Subordinated borrowings at December 31, 2006	33,000
Increase (decrease) in subordinated borrowings	<u>0</u>
Subordinated borrowings at December 31, 2007	<u><u>\$ 33,000</u></u>

See Notes to Financial Statements

Securities and Exchange Commission  
Washington, DC  
February 21, 2008

Re: The Carson Medlin Company - Broker/Dealer SEC #8-43821; NASD #028567  
Annual Audited Reports

**Distribution:**

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9509 Key West Avenue, 5th Floor  
Rockville, MD 20850

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Southeast Regional Office  
David Nelson, Regional Director  
801 Brickell Avenue, Suite 1800  
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Atlanta District Office  
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THE CARSON MEDLIN COMPANY

**END**